

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For The Quarter Ended 31 July 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM	RM	RM	RM
Revenue	125,647,399	112,497,234	383,170,031	313,753,784
Cost of Sales	(103,028,004)	(90,388,537)	(311,135,439)	(255,824,118)
Gross Profit	22,619,395	22,108,697	72,034,592	57,929,666
Selling and distribution expenses	(6,045,087)	(5,549,589)	(18,192,665)	(15,662,679)
Administration expenses	(6,070,922)	(5,523,272)	(18,053,684)	(16,221,790)
Other income / (expenses)	2,161,508	1,608,016	(470,108)	2,928,250
Results from operating activities	12,664,894	12,643,852	35,318,135	28,973,447
Finance costs	(425,582)	(491,257)	(1,402,464)	(1,487,225)
Profit / (Loss) before tax	12,239,312	12,152,595	33,915,671	27,486,222
Income tax expenses	(2,283,433)	(1,661,312)	(6,154,793)	(4,491,566)
Profit / (Loss) for the period	9,955,879	10,491,283	27,760,878	22,994,656
Other Comprehensive Income/(Expenses) net of tax				
- Foreign currency translation	3,403,227	3,395,595	(2,867,986)	7,973,947
Total Comprehensive Income/(Loss) for the period	13,359,106	13,886,878	24,892,892	30,968,603
Profit / (Loss) after tax attributable to :				
Owners of the Company	9,993,118	10,627,636	28,005,602	23,334,490
Non-Controlling Interests	(37,239)	(136,353)	(244,724)	(339,834)
Profit / (Loss) for the period	9,955,879	10,491,283	27,760,878	22,994,656
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Company	13,354,500	14,015,882	25,124,114	31,298,829
Non-Controlling Interests	4,606	(129,004)	(231,222)	(330,226)
Total Comprehensive Income/(Loss) for the period	13,359,106	13,886,878	24,892,892	30,968,603
Basic Earnings Per Share (in sen)	4.68	4.98*	13.12	10.93*
Diluted Earnings Per Share (in sen)	4.27	N/A	11.98	N/A

* Adjusted for share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Financial Position (Unaudited)
As At 31 July 2016

	Unaudited	Audited
	As At	As At
	31-Jul-16	31-Oct-15
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	127,459,690	120,138,638
Land held for property development	20,912,187	20,912,187
Investment Properties	7,438,487	7,278,968
Deferred tax assets	786,413	861,067
	<u>156,596,777</u>	<u>149,190,860</u>
Current assets		
Inventories	59,527,247	67,244,395
Investment in quoted securities	402,426	1,149,106
Trade and other receivables	57,593,550	56,934,170
Deposits, cash and bank balances	63,631,298	70,869,385
	<u>181,154,521</u>	<u>196,197,056</u>
TOTAL ASSETS	<u>337,751,298</u>	<u>345,387,916</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	113,402,905	113,387,105
Treasury Shares, At Cost	(2,836,481)	(2,836,481)
Share Premium Reserve	15,800	-
Translation reserve	(7,504,616)	(4,623,128)
Retained profits	122,988,654	107,791,125
	<u>226,066,262</u>	<u>213,718,621</u>
Non-controlling interests	10,541	241,763
TOTAL EQUITY	<u>226,076,803</u>	<u>213,960,384</u>
Non-current liabilities		
Bank borrowings	1,652,965	2,551,036
Deferred tax liabilities	5,030,000	5,030,000
	<u>6,682,965</u>	<u>7,581,036</u>
Current liabilities		
Trade and other payables	66,160,337	86,028,178
Bank borrowings	37,584,812	30,860,266
Tax payable	1,246,381	6,958,052
Dividend payable	-	-
	<u>104,991,530</u>	<u>123,846,496</u>
Total Liabilities	<u>111,674,495</u>	<u>131,427,532</u>
TOTAL EQUITY AND LIABILITIES	<u>337,751,298</u>	<u>345,387,916</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Changes In Equity (Unaudited)
For The Quarter Ended 31 July 2016

	←----- Attributable to Owners of the Parent ----->						Non-Controlling Total Interests RM	Total Equity RM
	Share Capital RM	Treasury Share RM	Premium Reserve RM	Translation Reserve RM	Retained Profits RM	Distributable		
At 1 November 2014	113,387,105	(2,836,481)		(17,130,570)	78,210,783	171,630,837	826,840	172,457,677
Profit after tax for the period					23,334,490	23,334,490	(339,834)	22,994,656
Other comprehensive expense for the period - Foreign currency translation				7,964,339	-	7,964,339	9,608	7,973,947
Total comprehensive income for the period	-	-	-	7,964,339	23,334,490	31,298,829	(330,226)	30,968,603
Dividends - by the Company - by subsidiary to non-controlling interests					(6,403,396)	(6,403,396)	-	(6,403,396)
					-	-	(1,591)	(1,591)
At 31 July 2015	113,387,105	(2,836,481)	-	(9,166,231)	95,141,877	196,526,270	495,023	197,021,293
At 1 November 2015	113,387,105	(2,836,481)		(4,623,128)	107,791,125	213,718,621	241,763	213,960,384
Profit after tax for the period					28,005,602	28,005,602	(244,724)	27,760,878
Other comprehensive expense for the period - Foreign currency translation				(2,881,488)		(2,881,488)	13,502	(2,867,986)
Total comprehensive income for the period	-	-	-	(2,881,488)	28,005,602	25,124,114	(231,222)	24,892,892
Dividends - by the Company - by subsidiary to non-controlling interests					-	(12,808,073)	-	(12,808,073)
					-	-	-	-
Exercise of Warrants 2015/2020	15,800		15,800			31,600		31,600
At 31 July 2016	113,402,905	(2,836,481)	15,800	(7,504,616)	122,988,654	226,066,262	10,541	226,076,803

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Quarter Ended 31 July 2016

	31-Jul-16	31-Jul-15
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	33,915,671	27,486,222
Adjustments for :		
Depreciation and amortisation	5,479,651	4,852,679
Fire insurance compensation	(2,033,509)	
Property, plant and equipment written off	120,762	90,709
(Gain) / loss on disposal of PPE	(437,643)	
Other non-cash items	(201,242)	293,858
Net interest expense	153,104	339,604
Operating profit/(loss) before working capital changes	<u>36,996,794</u>	<u>33,063,072</u>
Inventories	7,717,148	(12,005,788)
Trade and other receivables	1,575,371	(4,010,234)
Trade and other payables	(19,867,841)	7,460,188
Cash generated from/(absorbed into) operations	<u>26,421,472</u>	<u>24,507,238</u>
Interest paid	(153,104)	(339,604)
Tax (paid)/refund	(11,866,464)	(5,405,458)
Net cash from operating activities	<u>14,401,904</u>	<u>18,762,176</u>
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	-	-
Proceeds from investment in quoted securities	746,680	(779,870)
Purchase of property, plant and equipment	(15,673,397)	(9,974,236)
Net cash from investing activities	<u>(14,926,717)</u>	<u>(10,754,106)</u>
Cash flow from financing activities		
Net movements in bank borrowings	5,826,475	18,110,187
Proceeds from issue of new shares pursuant to the exercise of Warrants 2015/2	31,600	
Dividends paid	(12,808,073)	(8,539,456)
Net cash (used in) from financing activities	<u>(6,949,998)</u>	<u>9,570,731</u>
Effects on foreign exchange translation	236,724	2,364,808
Net increase/(decrease) change in cash and cash equivalents	(7,238,087)	19,943,609
Cash and cash equivalents at beginning of the financial year	<u>70,869,385</u>	<u>52,881,018</u>
Cash and cash equivalents at end of the financial period	<u><u>63,631,298</u></u>	<u><u>72,824,627</u></u>
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	63,631,298	72,824,627

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Board Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2015.

The significant accounting policies adopted are consistent with those adopted for the annual audited financial statements for the year ended 31 October 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 October 2015.

A2. SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group has historically shown moderate seasonality, where production and sales of furniture are generally lower in the beginning of the calendar year due to the local festive period as well as the summer holiday in the middle of the year.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flow of the Group during the reporting period.

A4. MATERIAL CHANGES IN ESTIMATES

The Company has not issued any revenue or profit estimate, forecast or target.

A5. ISSUANCE, REPURCHASE AND CANCELLATION OF SHARES

Re-Purchase of Own Shares

The Company has been authorised by shareholders to re-purchase its own shares.

The total number of shares repurchased by the Company as at end of reporting period (31 July 2016) was 13,327,600 ordinary shares of RM0.50 each (“shares”). All the repurchased shares are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. None of the treasury shares were resold or cancelled during the reporting period. The repurchase transactions were financed by internally generated funds. The Company has not purchased any of its own shares during the financial quarter under review.

Exercise of Warrants

A total of 31,600 new Poh Huat shares were issued pursuant to the exercise of 31,600 Warrants 2015/2020 at the issue price RM1.00 per share during the financial period to date. 600 shares were listed and quoted on the Official List of Bursa Malaysia on 19 November 2015 and the balance of 31,000 shares were listed and quoted on 12 January 2016.

Save for the above, the Company has not issued any shares, debts or convertible securities during the current financial quarter.

A6. DIVIDEND PAID

The dividends paid during the financial period were as follows:

Type of Dividend	Dividend per share	For the year ended	Amount RM	Payment date
First Interim	2 sen	31-Oct-16	4,268,944	15-Jan-16
Final Dividend	2 sen	31-Oct-15	4,269,565	19-May-16
Second Interim	2 sen	31-Oct-16	4,269,564	29-Jul-16

A7. OPERATING SEGMENTS

The Group adopts geographical segment as its reporting format. The segment information for the financial period-to-date is as below: -

	Revenue RM'000	Non-Current Assets RM'000
Malaysia	127,219	91,452
Vietnam	254,446	63,566
South Africa	1,505	1,579
Total	383,170	156,597

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

On 19 September 2016, the Company announced that it had on 14 September 2016 entered into a contract for sale of real estate with JSNJ Investment Pty Ltd, Australia (owner and developer) for the purchase of a detached warehouse cum office-showroom in South Dandenong, Victoria, Australia for a total consideration of AUD4.25 million or RM13.16 million (the "Acquisition"). The warehouse cum office-showroom comprise a 2,807 sqm single storey high clear span warehouse with a 315 sqm office with retail/showroom facilities at the front of the property with total land area of 5,265 sqm. The property is secured by parameter fencing and automated gate entrance and has 47 car parks within its compound. The Acquisition is expected to be completed by December 2016.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the current financial period

A10. CHANGES IN CONTINGENT LIABILITIES / ASSETS

There were no changes in contingent liabilities/assets since the last financial year ended at 31 October 2015 other than corporate guarantee granted to financial institutions amounting to RM161.79 million at current financial period.

A11. CAPITAL COMMITMENTS

There is no capital commitment not recognised in the current interim financial statements and during the current reporting period.

A12. RELATED PARTY TRANSACTIONS

The Group related party transactions in the current quarter and financial period-to-date are as follows :

Subsidiary	Transacting Party	Relationship	Nature of Transaction	Current quarter (RM'000)	Financial period-to-date (RM'000)
Poh Huat Furniture Industries (M) Sdn Bhd	Tay Kim Huat	Director	Rental of Showroom	45	135
J.A. Nathan & Co	Tay Khim Seng	Director	Legal Fees	0	4

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Jul-16 RM'000	31-Jul-15 RM'000	+ / - RM'000	31-Jul-16 RM'000	31-Jul-15 RM'000	+ / - RM'000
Malaysia	42,390	34,979	7,411	127,219	102,686	24,533
Vietnam	82,847	76,547	6,300	254,446	208,061	46,385
South Africa	410	971	(561)	1,505	3,007	(1,502)
Total	125,647	112,497	13,150	383,170	313,754	69,416

The Group recorded a higher turnover of RM125.65 million for the quarter under review compared to RM112.50 million recorded in the previous year corresponding quarter ended 31 July 2015. The increase in turnover is attributable to higher shipment from both the Malaysian and Vietnamese operations. The demand for office furniture enjoyed strong gains following the successful launch of several ranges of office furniture during the Malaysian furniture exhibition in March 2016. In particular, orders for office furniture from our North American importer increase markedly due to the sustained improvements in US business sentiment and employment. Shipment of home furniture to the US also increased as US importers ramped up orders for new bedroom products developed earlier this year.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Jul-16 RM'000	31-Jul-15 RM'000	+ / - RM'000	31-Jul-16 RM'000	31-Jul-15 RM'000	+ / - RM'000
Malaysia	4,817	4,344	473	13,705	10,208	3,497
Vietnam	7,019	7,105	(86)	22,671	17,554	5,117
South Africa	(77)	(279)	202	(502)	(695)	193
Others	480	983	(503)	(1,958)	419	(2,377)
Total	12,239	12,153	86	33,916	27,486	6,430

Notwithstanding the higher turnover recorded during the quarter under review, the Group recorded only a slightly higher profit before tax of RM12.24 million compared to RM12.15 million achieved in the previous year corresponding period ended 31 July 2015. The lower than expected increase in profit before tax was attributable to the lower manufacturing margins for the Group's export sales as US Dollar selling prices for the Group's product normalise against the sustained weakening of the Ringgit. Our operating margins in Vietnamese were also slightly lower due to the temporary shift in the composition of mid-range products shipped during the quarter in line with the US consumers' preference.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+ / -
	31-Jul-16 RM'000	30-Apr-16 RM'000	RM'000
Malaysia	4,817	1,770	3,047
Vietnam	7,019	5,158	1,861
South Africa	(77)	(211)	134
Others	480	(1,259)	1,739
Total	12,239	5,458	6,781

Turnover for the quarter under review increased to RM125.65 million following the seasonal lower of RM106.47 million in the preceding quarter ended 30 April 2016.

In line with the higher turnover, the Group achieved a higher profit before tax of RM12.24 million for the quarter under review compared to RM5.46 million in the preceding quarter ended 30 April 2016. The improvement in profitability was the result of the higher plant utilisation rate for both the Group's operations following the lower level of production during the Tet/Chinese New Year Holiday which fell in the month of February.

The group's profit was also cushioned by a forex gain of RM1.50 million in the current quarter against a loss of RM2.97 mil in preceding quarter ended 30 April 2016. This was due to the higher average USD foreign exchange rate of RM4.08 realised during the current quarter compared to RM4.00 in the preceding quarter.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The US economy continued to show strength during the quarter under review. The number of Americans who applied for unemployment benefits fell to a low of 253,000, matching the second-lowest level of a seven year-old economic expansion that shows no signs of flagging. Meanwhile, sales of previously owned homes rose in June 2016 to another cycle high, fresh evidence of housing market that continues to power through ongoing headwinds.

In UK, many economic indicators including consumer confidence report, manufacturing and construction surveys and house price data have turned out stronger than predicted and has confounded some of the worst fears about how the economy would react to the referendum to leave the EU. The European Central Bank has also continued with its accommodative monetary policy to promote recovery in the European zone.

All round improvement in economic sentiments and business confidence amongst our customers, coupled with the continued strength of the US Dollars, suggest better purchasing power and sustained demand for the Group's products. The recent completion and commission of our reconstructed finishing line cum warehouse facilities in Binh Duong, Vietnam has added 20% to the capacity of the Binh Duong plant and more importantly enhanced our manufacturing capabilities and efficiency. Consistent with our efforts to move up the value of its products, the modernised finishing line will enable us to take on higher range products which will contribute more meaningfully to the Group's bottom-line from FY2017 onwards.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

No profit forecast or profit guarantee were issued for the current financial period.

B5. TAXATION

	Current quarter RM'000	Financial period-to-date RM'000
Current taxation - Malaysian	901	2,713
Current taxation - Overseas	1,382	3,412
Deferred taxation	0	30
Total Taxation	2,283	6,155

B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

The Company had on 14 September 2016 entered into a contract for the sale of real estate with JSNJ Investment Pty Ltd, Australia (the owner and developer) for the purchase of a detached warehouse cum office-showroom in South Dandenong, Victoria, Australia for a total cash consideration of AUD4.25 million or RM13.16 million (the "Acquisition"). The Acquisition is expected to be completed by December 2016.

Save for the above, there are no other corporate proposals or utilisation of proceeds announced but not completed as at the date of the report.

B7. GROUP BORROWINGS

The Group borrowings, as at end of the reporting period were as below: -

Currency denominations	Current RM'000	Non-Current RM'000	Total RM'000
Secured - Malaysian Ringgit	3,364	206	3,570
Secured - US Dollar	29,075	0	29,075
Secured - South Africa Rand	0	1,447	1,447
Unsecured - Malaysian Ringgit	2,083	0	2,083
Unsecured - US Dollar	3,063	0	3,063
Total	37,585	1,653	39,238

B8. DISCLOSURE OF REALISED AND UNREALISED PROFITS / (LOSSES)

	Financial year-to-date RM'000	As at 31.10.2015 RM'000
Total retained profits :		
- Realised	148,323	127,090
- Unrealised	(4,043)	1,608
- Consolidation adjustments	(21,291)	(20,907)
At end of reporting period	122,989	107,791

B9. MATERIAL LITIGATION

There are no material litigation, pending or threatening, by or against the Company and its subsidiaries (as plaintiff or defendant) since the last financial year ended 31 October 2015.

B10. DIVIDEND

The Directors have declared a third interim single-tier dividend of 2 sen per ordinary share in respect of the financial year ending 31 October 2016 for the period ended 31 July 2016, payable on 15 December 2016 to depositors registered in the Records of Depositors of business on 24 November 2016.

B11. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by dividing the profit attributable to Owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period under review.

		Current quarter	Financial year-to-date
Profit attributable to Owners of the Company	(RM'000)	9,993	28,006
Weighted average number of shares	('000 shares)	213,472	213,472
Basic earnings per share	(sen)	4.68	13.12

Diluted earnings per share

The diluted earnings per share are calculated by dividing the profit attributable to Owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) that would have been issued upon full conversion of Warrants 2015/2020.

		Current quarter	Financial year-to-date
Profit attributable to Owners of the Company	(RM'000)	9,993	28,006
Weighted average number of shares	('000 shares)	213,472	213,472
Effect of dilution from Warrants 2015/2020	('000 shares)	20,365	20,365
Adjusted weighted average number of shares	('000 shares)	233,837	233,837
Diluted earnings per share	(sen)	4.27	11.98

B12. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2015 were reported on without any qualification.

B13. OTHER DISCLOSURES

Items which have been included in the Condensed Consolidated Statement of Profit or Loss for the current quarter and financial period-to-date are below: -

	Current quarter RM'000	Financial period-to-date RM'000
(a) Interest income	317	862
(b) Other income including investment income	253	2,815
(c) Interest expense	(296)	(1,015)
(d) Depreciation and amortization	(1,852)	(5,480)
(e) Provision for and write off of receivables	nil	nil
(f) Provision for and write off of inventories	nil	nil
(g) Gain/(loss) on disposal of unquoted investments / properties	nil	nil
(h) Impairment of assets	nil	nil
(i) Foreign exchange gain/(loss)	1,502	(4,050)
(j) Gain/(loss) on derivatives	nil	nil
(k) Exceptional items	nil	nil

For and on behalf of the Board
Poh Huat Resources Holdings Berhad

CHUA SYER CIN
Independent Non-Executive Director
Chairman
Audit Committee

26 September 2016
Binh Duong, Vietnam